

TENNESSEE: EXPORTS, JOBS, AND FOREIGN INVESTMENT

Exports Mean Jobs for Tennessee's Workers

- Over one-sixth (17.5 percent) of all manufacturing workers in Tennessee depend on exports for their jobs. This is somewhat below the national-level share of manufacturing workers supported by exports (20.5 percent). (2001 data latest available)
- Export-supported jobs account for an estimated 6.6 percent of Tennessee's total private-sector employment (roughly one of every 15 jobs). This is roughly equivalent to the national average of 6.5 percent (one of every 15 jobs). (2001 data latest available).

Note: Export-related jobs estimates include only jobs supported by exports of manufactured goods; jobs generated by exports of services are excluded. Consequently, the numbers understate the total employment impact of exports on the U.S. economy.

Source: State Export-Related Employment Project, International Trade Administration & Census Bureau.

Exports Help Sustain Thousands of Tennessee Firms—Small As Well As Large

- A total of 5,436 companies exported goods from Tennessee locations in 2001. Of those, 78 percent were small and medium-sized enterprises with fewer than 500 employees.
- Small and medium-sized firms generated more than one-fifth (21 percent) of Tennessee's total exports of merchandise in 2001.

Source: Exporter Data Base, International Trade Administration & Census Bureau

Economic Globalization: A Two-Way Street for Tennessee

- In 2002, majority-owned affiliates of foreign companies employed 131,000 workers in Tennessee.
- More than half of these foreign-investment-supported jobs (52 percent, or 67,700 workers) were in the manufacturing sector in 2002. This was the ninth largest share among the states.
- Majority-owned affiliates of foreign firms accounted for 16.6 percent—one-sixth—of total manufacturing employment in Tennessee in 2001. This is significantly higher than the national average of 12.4 percent.
- Foreign investment in Tennessee was responsible for 5.9 percent of the state's total private-industry employment in 2001, well above the national average of 5 percent.
- Major sources of Tennessee's foreign-investment-supported jobs in 2002 were Japan, the United Kingdom, the Netherlands, Canada, and Germany.

Note: All figures exclude employment in banks affiliated with foreign companies.

Source: Bureau of Economic Analysis.

Tennessee Depends on World Markets

- Tennessee's export shipments of merchandise in 2003 totaled \$12.6 billion. Tennessee's export shipments grew 28 percent from 1999 to 2003, the tenth-biggest percentage gain among the states. By comparison, the total U.S. growth in merchandise exports over this period was 4.5 percent.

- Tennessee exported globally to 187 foreign destinations in 2003. The state's largest export market, by far, was our NAFTA trading partner Canada. Tennessee exported \$4.2 billion worth of merchandise to the Canadian market in 2003, one-third (33 percent) of the state's export total that year. Canada was followed by NAFTA market Mexico (2003 exports of \$1.5 billion), and the United Kingdom (\$646 million). Other top markets included China, Japan, Germany, the Netherlands, Belgium, Brazil, and Hong Kong.
- Tennessee's biggest growth market, in dollar terms, has been Canada. From 1999 to 2003, export shipments to Canada rose from \$3.7 billion to \$4.2 billion, an increase of \$544 million.
- Other countries to which Tennessee recorded large increases in merchandise exports over the 1999-2003 period were China (up \$525 million), Mexico (up \$413 million), Belgium (up \$128 million), the United Kingdom (up \$102 million), and South Korea (up \$102 million).
- Of Tennessee's top 30 markets, exports of merchandise to China grew the fastest over the 1999-2003 period, increasing 471 percent from \$111 million in 1999 to \$636 million in 2003. Tennessee also more than doubled its merchandise exports to Malaysia, India, Colombia, and Thailand over that period.
- Among manufactured products, Tennessee's leading export category is transportation equipment. Transportation equipment accounted for nearly one-fifth (19 percent), or \$2.4 billion, of Tennessee's total merchandise exports in 2003.
- Tennessee's other top 2003 manufactured exports were computers and electronic products (\$1.8 billion), chemical manufactures (\$1.7 billion), machinery manufactures (\$1.3 billion), and miscellaneous manufactures (\$637 million).
- In dollar terms, Tennessee's leading manufactured export growth category is computers and electronic products. Export shipments of these products during the 1999-2003 period grew from \$1.1 billion to \$1.8 billion—an increase of \$668 million.
- Other manufactured export categories that registered large dollar growth from 1999 to 2003 were chemical manufactures (exports up \$331 million), miscellaneous manufactures (up \$284 million), transportation equipment (up \$113 million), and machinery manufactures (up \$112 million).
- In percentage terms, Tennessee's fastest-growing manufactured export category is petroleum and coal products, which grew 89 percent from \$5.5 million in 1999 to \$10.4 million in 2003. Other fast-growing manufactured exports during this time span were miscellaneous manufactures (up 81 percent), beverage and tobacco products (up 68 percent), primary metal manufactures (up 64 percent), and computers and electronic products (up 60 percent).

Source: Origin of Movement State Export Series, Bureau of the Census.

Caution: The Origin of Movement series allocates exports to states based on transportation origin, i.e., the state from which goods began their journey to the port (or other point) of exit from the United States. The transportation origin of exports is not always the same as the location where the goods were produced. Consequently, conclusions about "export production" in a state should not be made solely on the basis of the Origin of Movement state export figures.

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